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Japan's "New Structure"

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WHEN the second Konoye Cabinet took office on July 22, 1940, sweeping changes in Japan's political institutions appeared imminent. Projects for authoritarian "reform" were being advanced in many quarters. Less than a month earlier, on June 24, Prince Konoye had resigned from the presidency of the Privy Council in order to work for the establishment of a new "national political structure." His statement at the time purposely left vague the details of the new structure,¹ but it was generally assumed that he had in mind the organization of a single totalitarian party. Evidence of the Nazi pattern in certain aspects of the movement probably reflected the influence of German advisers, who reached Tokyo in growing numbers during 1940.²

Changes in the international situation, even more than political currents within Japan, had prepared the way for Prince Konoye's return to power. Hitler's striking military successes in western Europe had fired the imagination of many Japanese with the vision of a "Greater East Asia" under Tokyo's exclusive control. For nearly ten months—until June 1940—the rather moderate Abe and Yonai Cabinets had marked time, both in domestic and foreign affairs.³ The desultory character of the early stages of the European war, coupled with the Soviet-German pact and abrogation of the Japanese-American trade treaty, had placed Japan strictly on the defensive. The moderate trend in foreign policy was reflected in domestic politics. Diet critics of internal economic conditions and of the war in China were more outspoken during the winter of 1939-40 than at any time since 1937.

Japan's attitude swiftly changed when the German armies overwhelmed the Low Countries and France in the spring of 1940. Hachiro Arita, Foreign Minister in the Yonai Cabinet, began to stress the goal of a "Greater East Asia" in his pronouncements on foreign policy, and Tokyo brought severe pressure to bear on French Indo-China and British

positions in the Far East. Britain's decision to close the Burma Road, communicated to Japan on July 12, sealed the fate of the Yonai Cabinet.⁴ Encouraged by this evidence of British weakness in the Far East, the army leaders at Tokyo played one of their trump cards. The War Minister, General Shunroku Hata, offered his resignation on July 16. When Premier Yonai found it impossible to induce another army leader to take over the War Ministry, he was forced to offer the resignation of his Cabinet.⁵ Organization of the Konoye Cabinet was completed on July 22, after Prince Konoye had canvassed in advance the views of his appointees to the War, Navy and Foreign Ministries.⁶

The elements backing the new Cabinet made one serious miscalculation. They sought office at a moment when Germany's military prestige was at its peak, and the collapse of Britain was thought to be a question of weeks. They looked forward to the opportunity of moving rapidly ahead in south-east Asia against slight opposition. These expectations were not fulfilled. Even the winning of a foothold in Indo-China proved a matter of some difficulty, and was not achieved until the end of September. The military pact with the Axis powers, concluded on September 27, was a direct outcome of the difficulties encountered in Indo-China. Its obvious warning to the United States merely served to intensify the opposition to Japan's Far Eastern moves. During the winter of 1940-41, Britain and the United States gradually increased their resistance to Japan's drive into southeast Asia. Tokyo gained nothing like the free hand in the Far East that it had expected in July 1940.

This development had adverse effects on the domestic program of the Konoye Cabinet. Strong forces, especially in business circles, were opposed to some of the economic implications of the move-

1. *The Trans-Pacific* (Tokyo), July 4, 1940, p. 29.

2. *The New York Times*, October 20, 1940.

3. Overthrow of the more extreme Hiranuma Cabinet, in August 1939, had ushered in this period. Cf. T. A. Bisson, "Japan's Position in the War Crisis," *Foreign Policy Reports*, November 1, 1939, pp. 201-202.

4. Cf. T. A. Bisson, "Indo-China: Spearhead of Japan's Southward Drive," *Foreign Policy Reports*, October 1, 1940, pp. 170-72.

5. *Contemporary Japan* (Tokyo, The Foreign Affairs Association of Japan), August 1940, pp. 937-38; also, *The Trans-Pacific*, July 25, 1940, pp. 12-13.

6. *The Trans-Pacific*, August 1, 1940, pp. 27-28. Premier Konoye has consistently sought to obtain prior army-navy approval for his important moves, especially in foreign policy.

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ment to establish an authoritarian structure. The constitutional aspects of the Diet's relation to the new "political structure" also created a knotty problem, which provided a further rallying point for the opposition. The Cabinet's inability to move forward boldly in the international field strengthened the domestic forces opposed to the authoritarian program. After a rapid initial advance, the whole movement gradually slowed down and became involved in a series of compromises. Even today, when the Konoye Cabinet has held office for eight months, its eventual outcome remains in doubt.

FOUNDING THE "NEW STRUCTURE"

Less than a month had elapsed between Prince Konoye's resignation from the Privy Council, on June 24, and the formal installation of his second Cabinet on July 23. During this brief period, most of Japan's political parties, some of them nearly fifty years old, had dissolved. The phenomenon was the more striking in view of the stubbornness with which the parties had held their ground since the military-fascist challenge first arose in 1931.

On June 25 several members of the Diet representing minority political groups had approached the leaders of the major parties, urging them to dissolve their organizations and join a totalitarian body under Prince Konoye's leadership. Except in the case of the Minseito, the largest party in the Diet, the responses were all favorable. A series of party conventions then took place, at which formal approval of dissolution was voted. The lead was taken by the Japan Reformist party, a right-wing group, which dissolved early in July. Dissolutions of major party groups followed: the Social Mass party, July 6; two factions of the Seiyukai, July 15; the Kokumin Domei, July 26; and a third faction of the Seiyukai, July 30.⁷ By the end of the month only the Minseito still held out. Forty members of this party headed by Ryutaro Nagai, a prominent leader with rightist leanings, had already seceded, however, in protest against the unwillingness of the party chiefs to approve dissolution.⁸ On August 15 the Minseito leaders, succumbing to the pressure brought against them, dissolved their party.

The movement to disband political groups was immediately extended into the trade union field. Toward the end of June several small trade unions had voted to dissolve.⁹ A more important step occurred on July 8 when the central committee of the Japan Federation of Labor, oldest trade union body in the country, adopted a resolution approv-

ing dissolution.¹⁰ While the Federation's membership and influence had declined, its position as Japan's premier labor organization, originally founded in 1912, added significance to its demise. Voluntary action by the conservative Federation undermined the position of other more independent unions, which were successively forced to disband. In this field, moreover, an Industrial Service League, or league for service to the state through industry, has been created with the object of enrolling all workers in a single unified and "controlled" organization. While the employers, represented by the All-Japan Federation of Industrial Organizations, took part in this movement, they were not compelled to dissolve their own group.¹¹

This rapid disappearance of party and trade union organizations, largely completed by the end of July, cleared the way for establishment of the "new structure." Yet specific action in this direction was slow to develop. Premier Konoye's broadcast of July 23, as well as his statement of government policies on August 1, were couched in vague and general terms.¹² The "keynote" of the "new national structure," according to the latter statement, lay "in service to the state through cooperation between government and people," while "renovation of the Diet" had to be effected so as to "adapt it" to the new structure. These principles were not unduly alarming to Japan's business world, which had welcomed the end of trade unions and philosophically accepted dissolution of the political parties. In its comments on Konoye's statements *The Oriental Economist*, an accurate mirror of business opinion, expressed the following hopes and reservations: "Whether or not a system can be evolved which will sufficiently meet the requirements of the people future developments alone will show. However, the fact that all the political parties have been broken up may signify that all the members of the extinct parties *en masse* will be taking part in the new political structure—which tends to give some idea of the character of the incoming organization. It cannot be anything based on radical ideas or backed by sponsors of extreme action."¹³

Prince Konoye's first definite move came on August 23, when he announced to the Cabinet that

10. *Contemporary Japan*, August 1940, pp. 940-41.

11. A Japanese commentator notes: "Incidentally, the Federation [of Industrial Organization], a body of employers once pitted against the trade unions more strongly than any other capitalist organization, should have been dissolved now that all the labor bodies have already disbanded voluntarily to be absorbed by the service-to-the-nation campaign, but instead is now taking the initiative for pushing the new structure drive." *Contemporary Opinions* (Tokyo, Tokyo Information Bureau), August 22, 1940, p. 4.

12. For texts of these addresses, cf. *Tokyo Gazette*, August 1940, pp. 45-47; September 1940, pp. 89-91.

13. *The Oriental Economist*, August 1940, pp. 463-64.

7. For details, cf. *Contemporary Japan*, August 1940, pp. 936-37; *The Oriental Economist*, August 1940, p. 463.

8. *The Japan Weekly Chronicle* (Kobe), August 1, 1940, pp. 136-37.

9. *The Trans-Pacific*, July 11, 1940, p. 11.

a Preparatory Commission, charged with the task of organizing the new structure, was being formed. The Commission was composed of 26 members and 6 secretaries, with the 11 Cabinet Ministers participating *ex officio* in its deliberations. As selected by Prince Konoye, the 26 Commission members represented a cross-section of all the dominant interests in Japan's national life. The more extreme fascist groups, including the Black Dragon Society and men like Colonel Kingoro Hashimoto, were well represented, but so also were the business interests and both houses of the Diet.¹⁴ Although the Commission had a distinct totalitarian leaning, the opinions of these representatives of Japan's ruling groups were sufficiently diverse to prevent them from moving forward single-mindedly toward a given end.

This aspect of the Commission in itself constituted a setback for the more extreme advocates of a totalitarian system, who desired the formation of a strong and unified political party. At bottom these extremists wanted "a complete modification . . . in the capitalistic basis of economic activities," and felt that such modification could only be realized by "the application of strong pressure . . . by the united political powers of the nation."¹⁵ On August 28, at the Commission's inaugural meeting, Prince Konoye specifically opposed a narrow political concept of the new structure. He declared that the movement "cannot take the form of a political party," and stressed its function of unifying "all phases" of Japan's national life, including "politics, economy, education, culture."¹⁶ While this statement would seem to reject the position taken by the extremists, it did not wholly satisfy the business groups. An editorial in *The Oriental Economist* argued that, despite Konoye's disclaimer, a single party was the logical outcome of the new structure and that "if such a party is realized and becomes vested with concentrated political power, there is danger of encroachment upon the supreme power through State affairs becoming its monopoly."¹⁷ These differences of opinion suggest that the Preparatory Commission was, in fact, little more than a battleground for conflicting interests, and that precise outlines of the new structure still remained to be drawn.

THE IMPERIAL RULE ASSISTANCE ASSOCIATION

During the six meetings of the Preparatory Commission, as might be expected, a sharp conflict developed. At its final session, held on September 17,

the Commission merely passed on its task to a new organ called the Imperial Rule Assistance Association, with Premier Konoye as president.¹⁸ Most of the vital issues affecting the character of the new structure were left unsettled; in some cases, Prince Konoye immediately reversed decisions reached by the Commission. After severe controversy, the Preparatory Commission had decided that the president of the new Association should be "either the Premier or a person named by him." Prince Konoye had vetoed this proposal and decided that the Premier would be *ex officio* president of the Imperial Rule Assistance Association.¹⁹ His decision effectively barred the possible emergence of an extra-governmental dictator, but meant that the new Association's policy would shift with each change of Cabinet and lose any really independent force. Prince Konoye observed the same caution in rejecting the platform for the new Association drafted by the Preparatory Commission. On October 12, when the Association was inaugurated, Prince Konoye declared that he would refrain from announcing a platform. If he were asked to state one, he said, his reply would simply be "observance of the duties of the Emperor's subjects." *The Oriental Economist* termed this decision "appropriate" and lauded its "brevity and pertinence."²⁰⁻²¹

Any possibility that the new structure movement would develop a clear-cut objective was further reduced by the character of its executive organs. All members of the Preparatory Commission were appointed directors of the Imperial Rule Assistance Association, thus maintaining the same rough equality among the various conflicting interests. Count Yoriyasu Arima, a close associate of Prince Konoye, became director-general of the Association and head of its General Affairs Bureau. In this Bureau, as well as in four others, which together constituted the Association's executive headquarters, the same general balance of competing groups was maintained.²² In the case of the Diet Affairs Bureau, *The Oriental Economist's* forecast that the party leaders might enter the new structure movement *en masse* was entirely fulfilled. Managers of the former political parties headed most of the Bureau's departments, which had from five to nine vice-chiefs each in order to make the representation all-inclusive. A Japanese writer noted that "the Diet Bureau is little more than a mechanical merger of all the former political influences." Referring to the whole organization, he added that even

14. *The Japan Weekly Chronicle*, August 29, 1940, p. 254; *The Trans-Pacific*, August 29, 1940, pp. 12-13.

15. *Contemporary Opinions*, September 5, 1940, p. 11.

16. For text, cf. *Tokyo Gazette*, October 1940, pp. 133-36.

17. *The Oriental Economist*, September 1940, p. 526.

18. *The Japan Weekly Chronicle*, September 19, 1940, p. 341; *The Trans-Pacific*, October 3, 1940, pp. 26-28.

19. *Contemporary Opinions*, October 31, 1940, p. 8.

20-21. *The Oriental Economist*, October 1940, p. 586.

22. The five Bureaus comprised General Affairs, Planning, Policy, Organization, and Diet Affairs.

Prince Konoye "did not realize that the personnel of the Imperial Rule Assistance Association would be lined up in such a commonplace manner based on the balance of power among various factions."²³ At this period, moreover, the army leaders refrained from taking positions in the Association.²⁴

The new Association has sought to gain a mass following, enrolled in a nation-wide hierarchy of "cooperation councils."²⁵ At the top is a Central Cooperation Council, headed by Admiral Nobumasa Suetsugu, the Home Minister in Prince Konoye's first Cabinet who instituted wholesale arrests of liberals, radicals and pacifists in December 1937, at the outset of the war with China. The hierarchy extends through prefectural, city, town and village councils down to so-called "near-neighbor units," or groups of ten households each. These local groups, not unlike the Nazi party's "block units" in Germany, were obviously designed to furnish the authorities with a more thoroughgoing check on popular opinion, especially in connection with the war and the application of economic controls. Although special efforts were made to spur local initiative and enthusiasm, this scheme for the building of a made-to-order Fascist party retained a thoroughly formal and official aspect. The prefectural councils were headed by the governors, while even the town, city and village councils, despite attempts to find "renovationist" leaders attuned to the new movement, were dominated more often than not by the local officials or politicians. The lack of a clear-cut totalitarian ideology and leadership at the top was thus reflected in the organization as a whole.

By the end of 1940, nevertheless, the movement to establish a new national structure, with all its shortcomings and contradictions, had effected a considerable change in Japan's political and economic life. The political parties and the trade unions had been dissolved, and there was slight prospect of their revival on an independent basis. Early in November the Cabinet had announced a program for the organization of labor which gave practical application to the movement for "service to the nation through industry."²⁶ In its essential aspects, the scheme was modeled on the Nazi system of labor organization. There was to be a special "cooperative body" of all the employees in each enterprise, with "the manager of the enterprise as leader," while district and national federations of the local units were to be formed.²⁷

Readjustments to the new structure were also occurring in certain other spheres of national life, where internationalism, liberalism or pacifism were thought prevalent. On September 4, after several of its 47 branches had already dissolved, the Japan-Manchoukuo Federation of Rotary Clubs voted to disband.²⁸ Sale of the American-owned newspaper, *The Japan Advertiser*, to *The Japan Times*, an English-language paper controlled by Japanese interests, was announced on October 10.²⁹ Two months later *The Japan Chronicle* of Kobe, the last foreign-owned newspaper in Japan, was similarly transferred to *The Japan Times*.³⁰ The various Christian denominations were being united into a single Japanese Christian Church, with ownership of all church property vested in Japanese hands. Prohibition of foreign financial support to evangelistic work after December 31, 1940, and to educational work after April 1, 1941, forced many missionaries to return to their homelands.³¹

On the other hand, the new structure movement had failed to define its attitude toward certain key issues. Of these, one of the most important concerned the exact relationship which the Imperial Rule Assistance Association would bear to the Diet. Extremist circles were agitating for drastic "reform" of the Diet, and since the statutory four-year term of the present lower house, elected in 1937, expired in 1941, this issue was a matter of some urgency. Economic difficulties were also forcing consideration of a more drastic system of financial and industrial regimentation. Here again the extremists were pressing for a radical solution, involving comprehensive state control of Japan's great business houses. These issues required formal government action, which could not be obtained through the Imperial Rule Assistance Association. During the winter of 1940-41, therefore, this organization receded into the background, and the crucial political struggles were waged in the Cabinet and Diet. The Imperial Rule Assistance Association had become a fifth wheel in Japan's complicated government mechanism, rather than the directing organ in a drive for totalitarian reorganization—the rôle which its sponsors had originally intended it to assume.

PRESSURE FOR ECONOMIC REGIMENTATION

Wartime necessities, as in many other countries during recent years, had led to an increasing degree

23. *Contemporary Opinions*, October 31, 1940, p. 6.

24. Cf. statement by the War Minister, *The Japan Weekly Chronicle*, September 19, 1940, p. 341.

25. For an official summary, cf. *Tokyo Gazette*, November 1940, pp. 177-92; January 1941, pp. 257-65.

26. Cf. p. 27.

27. *The Japan Weekly Chronicle*, November 14, 1940, p. 607.

28. *The Trans-Pacific*, September 12, 1940, p. 8.

29. *Ibid.*, October 17, 1940, p. 3.

30. *The New York Times*, December 19, 1940.

31. *Contemporary Japan*, October 1940, pp. 1235-36; *New York Herald Tribune*, December 27-28, 1940.

of state intervention in Japan's economic life. Since 1937 the list of control measures applied to Japanese economy had steadily lengthened. By 1940 varying degrees of state control were effective over foreign exchange, import and export trade, capital investment, prices, the labor market, consumption industries, and the electric power industry. Yet these measures had stopped short of applying a comprehensive scheme of state regimentation to the basic industries and the great business monopolies. They had been devised rather haphazardly as special emergencies had developed, and in many cases the business interests had succeeded in limiting either the statutory controls or the extent of their enforcement. On the whole, even in 1940, the bulk of Japan's economy was still operated by private enterprise, which disposed of profits and dividends with relatively slight government interference.

Behind the scenes, nevertheless, a strong movement had arisen which was stubbornly working for a broader and more effective measure of state industrial control. Many of the army and navy leaders encouraged this drive, and supplied its main impetus. They were backed by an influential group of bureaucrats whose support was necessary in order to furnish the detailed technical knowledge required to administer a comprehensive scheme of economic control. The military-fascist movement had gained practical administrative experience in Manchoukuo, where the army leaders had enforced a broad plan of state economic control, and this experience was drawn upon in dealing with the more complex problems on the home front.

In one important respect, the army leaders and their bureaucratic supporters were harking back to an historical precedent during Japan's early period of modernization in the nineteenth century, when the greater part of Japan's newly established industries were directly administered by the government.³² Many of these industries had later been turned over to private enterprise, and during the early decades of the twentieth century the rapid development of Japan's great business houses had brought the decisive sectors of industry under private ownership and management. During the twenties this evolution had enabled the business interests, through their control of the political parties and their growing influence in other key agencies of the government, to become the dominant political force in the Japanese state. After 1931 the military-fascist movement had limited the former powers enjoyed by the parties. It had not, however, seriously curtailed the political strength of the business interests, which rested on their dominant

rôle in industry and was expressed through their influence in the Diet, the Cabinet, the Privy Council, and the Imperial Household Ministry. In order to effect a decisive change in the balance of power, the army leaders were driven to seek a comprehensive bureaucratization of industry, thus restoring the nineteenth century order in which industry was an adjunct of government.

Toward the end of 1940, the drive for effective regimentation on the economic front was expressed most clearly in a project drafted by the Cabinet Planning Board. For president of this important government agency, Prince Konoye had selected Naoki Hoshino, one of the key bureaucrats at Hsinking, where he had actively furthered the establishment of Manchoukuo's "state socialist" régime. To emphasize the significance of Naoki Hoshino's position, the Cabinet had made him a Minister without Portfolio, despite some question as to the legality of adding such Ministers to the Cabinet.³³ His appointment—like that of Chuichi Ohashi, another Hsinking bureaucrat, as Vice-Minister of Foreign Affairs—had brought the "renovationist" ideology of army-controlled Manchoukuo directly into the home government.

In August, following the Cabinet's announcement of basic national policies, the Planning Board had begun to draft a program for a "new economic structure." The data for this scheme was collected "not from recognized leaders of finance and industry, but from men known for their ideas of financial renovation."³⁴ In its original form, the plan sought to reorganize and strengthen Japan's business cartels as a means of enforcing state control of industry. The government would appoint directors of the cartels, vest them with "functions of a public character," and lay down "fundamental principles" for their guidance. Among these principles, the limitation of profits and control of dividends occupied a leading place. By such measures a "collective planned economy," under the direction of a Supreme Economic Council, would be established.³⁵

As soon as business circles learned of this plan, a vigorous protest movement developed. Criticism was leveled against the idea of having "inexperienced bureaucrats" charged with the direction of business enterprise, and the cry was raised that the plan involved "alienation of capital and control of operation." To meet these criticisms, the Planning Board authorities partly revised the original scheme before submitting it to the Cabinet on

33. In December the Cabinet secured the Privy Council's approval of an Imperial ordinance legalizing such appointments. Cf. footnote 48, p. 32.

34. *Contemporary Japan*, January 1941, p. 6.

35. *Ibid.*, p. 6; *The Japan Weekly Chronicle*, December 12, 1940, p. 736; *The New York Times*, December 2, 1940.

32. E. Herbert Norman, *Japan's Emergence as a Modern State* (New York, Institute of Pacific Relations, 1940), Chapters III-V.

November 12. The revisions were not sufficient to satisfy the Ministers holding economic portfolios, however, and for several weeks a stiff fight was waged both within the Cabinet and outside.

On November 22 Naoki Hoshino, president of the Planning Board, found it advisable to assure the Ministers charged with economic affairs that there was no intention of using "force in reorganizing the economic structure of the country."³⁶ A day later the Japan Economic Federation headed by Baron Seinosuke Go, offered an alternative plan by which Japanese business would voluntarily establish a corporative industrial structure under its own control.³⁷ At the Cabinet's fifth session on the issue, held November 27, the business Ministers secured basic revisions which drew the teeth of the original plan.³⁸ Two days later the War and Navy Ministers came to the aid of the Planning Board with a joint statement presented to the Cabinet by the Navy Minister and then made public. Stressing the overriding necessity of establishing a "perfect defense state," the Service Ministers warned the government that it must take measures "to increase collective directive power" in order to expand production "on an efficient basis."³⁹ The Cabinet's decision, reached at conferences during the first week of December, was announced in the form of a program entitled "An Outline for Establishment of the New Economic Structure." Before the Cabinet's final meeting on December 7, at which this plan was approved, the seven leading Japanese business organizations submitted an eleventh-hour statement of their views to Premier Konoye.⁴⁰

The program approved by the Cabinet involved a compromise which satisfied most of the objections of the business interests. While the outlines of the original scheme were retained, the content was modified in essential respects.⁴¹ In case of special need, the Cabinet's announcement stated, "management of an enterprise" by the government "is to be permitted," but "private industrial enterprise is to be the basis" of the new structure. Instead of separating management from ownership, the Cabinet's proposals recognized "capital, management and labor as forming one organic whole." The basic principles of the new cartel system were outlined as follows: "Operators of industrial enterprises in important industries are to form organizations according to the nature of their business and raw materials handled by them. These economic

organizations are to be special juridical persons and their affairs are to be conducted by directors, approved by enterprises affiliated with them and by the government. The government is to supervise these economic organizations."

While this statement indicated that business would dominate the formation of the cartels and the choice of directors, there was some question as to how far the government's "supervision" might extend. The latter issue, it was expected, would be largely determined by the "organic regulations to be set up for trade cartels and their direction."⁴² Even were these regulations adverse, the business men, who would themselves be directing the cartels, would probably be able to limit their application. On the whole, the business interests were satisfied that they had successfully countered the Planning Board's drive to establish bureaucratic control of industry.⁴³ The Cabinet's revised program for a "new economic structure," moreover, had still to be submitted to the Diet for enactment into law.

RESHUFFLING THE CABINET

The struggle over industry's rôle in the new structure reacted with damaging effect on the Imperial Rule Assistance Association and on the Cabinet itself. Count Arima, president of the I.R.A.A., and Akira Kazami, the Justice Minister, were accused of harboring "leftist theorists" in their brain trust.⁴⁴ A whispering campaign, featured by charges that the new structure movement was tinged with "Communist" ideas, gained wide currency. Not only business circles but right-wing nationalists, jealous of the influence wielded by government bureaucrats in the new organization, attacked the I.R.A.A. for its "Red" ideology, its unconstitutionality, and its non-conformity with the "national polity."⁴⁵ So widespread and persistent were these charges that on November 19 both Premier Konoye and Count Arima felt compelled to counteract them by inaugurating a special campaign of popular "enlightenment." The former declared to members of the House of Peers that "measures for the establishment of a new economic structure never will be radical or revolutionary,"

42. *Contemporary Japan*, January 1941, p. 6.

43. An editorial writer in *The Oriental Economist*, referring to the protest submitted by the seven Japanese business organizations to Premier Konoye on December 7, approved their "courage" in daring to "criticize the Government," and then concluded: "If this courage is not short-lived and businessmen keep up their practice of communicating their views to the Government, the trade and industry of Japan will be the chief beneficiaries." *The Oriental Economist*, January 1941, p. 5.

44. *Contemporary Opinions*, October 31, 1940, p. 8.

45. *Ibid.*, December 19, 1940, p. 9. In their statement of November 29, the Army and Navy Ministers had stressed the need for "stern measures" to dispose effectively of "pernicious canards" affecting the I.R.A.A.

36. *New York Herald Tribune*, November 24, 1940.

37. *The Japan Weekly Chronicle*, November 28, 1940, p. 672.

38. *Contemporary Japan*, January 1941, p. 6.

39. *The Japan Weekly Chronicle*, December 5, 1940, p. 716.

40. *Ibid.*, December 12, 1940, p. 736.

41. *New York Herald Tribune*, December 9, 1940; *The Japan Weekly Chronicle*, December 12, 1940, p. 736.

while the latter asserted that it was "a gross misunderstanding to think that the 'new structure' aims to realize socialism or communism in Japan."⁴⁶

These propaganda efforts, however, were not sufficient to offset the steady decline in the prestige of the new structure movement. The Imperial Rule Assistance Association had increasingly bogged down in its own inconsistencies, which were revealed even more clearly at its first national conference held December 16-18 in Tokyo.⁴⁷ The shortcomings of the new structure movement necessarily reflected on the Cabinet, undermining its stability and forcing Premier Konoye to seek means to strengthen it. His first move came early in December, with the addition to the Cabinet of Baron Kiichiro Hiranuma, a former Premier having great political influence, as Minister without Portfolio.⁴⁸ Baron Hiranuma's conservative attitude toward business, his long career as a die-hard nationalist, and his solicitous regard for strict conformity to the "national polity" made him an ideal figure to counterbalance the charges leveled against the new structure movement. On December 21 Baron Hiranuma was appointed Home Minister, while General Heisuke Yanagawa replaced Akira Kazami in the Ministry of Justice.⁴⁹ Baron Hiranuma's new post enabled him to assist the government in its dealings with the Diet, one of the most delicate tasks confronting the Cabinet. General Yanagawa, an army leader similar to Baron Hiranuma in his nationalist outlook, brought a strong hand to the Ministry of Justice. These two men, controlling the police and court systems, were also in a strategic position to influence the Diet election scheduled for 1941.

THE ATTACK ON THE DIET

The struggle provoked by the Planning Board's bold project for a "new economic structure" was paralleled in the political sphere by the opposition which developed to a drive for so-called "reform" of the Diet. In an earlier period, the term "reform" had been used to describe a legitimate program designed to extend the powers of the House of Representatives and curb the influence of the Peers. In recent years, however, it has become a euphemism,

concealing what is in fact a movement to nullify the independent powers of the Diet and reduce that body to a rubber stamp for government policy.

Two major factors have strengthened this trend. Despite the relative impotence of the political parties since 1937, the lower house of the Diet had continued to provide a sounding board for criticism of the government and even of the war in China, notably in the case of Takao Saito's dramatic interpellation of February 2, 1940. Such speeches reflected popular feeling too strongly to be entirely safe, especially as the pinch of economic restrictions became more severe. In the second place, the powerful influence of the business interests in the Diet made both houses a brake on extremist attempts to regiment finance and industry. Progress toward a "controlled economy" would be more certain if the Diet's ability to intervene were brought to an end. The first of these considerations was hardly less compelling than the second, and formed something of a bridge between the two opposing camps. For the business circles, as well as the extremists, were concerned over the domestic crisis and were inclined to block any channel through which popular unrest might find expression.

Since 1931, when the military-fascist movement won its first victories, it has unrelentingly sought to clear the Diet from its path. After ten years, this task is still not entirely accomplished. In addition to the stubborn opposition of the politicians, there has been another, more formal, difficulty. The Diet is part of the Constitution, granted by the Emperor in 1889, and is to that extent sacrosanct. It is not only that the conservatives—business interests, the parties and court circles—may rally behind the Constitution without fear of attack. Since the charge of "unconstitutionality" is tantamount to *lèse-majesté* in Japan, the conservatives possess a weapon powerful enough to drive the extremists to cover. As a result, the military-fascist movement has had to adopt oblique tactics on this issue.

It struck a lasting blow in May 1932, when the assassination of Premier Inukai ended a line of six one-party Cabinets. Since then every Cabinet has been a "super-party" coalition, with party leaders occupying the lesser Ministries. This change, however, merely restored a practice that had normally prevailed before 1924; it did not eliminate party influence, nor did it prevent the Diet from continuing to act as a check on "reformist" Ministers. In June 1940, when the "new structure" movement was inaugurated, the parties again fell victim to an oblique attack. As they were extra-constitutional agencies, they could be forced to dissolve. Their dissolution, however, did not remove the Diet from the political scene. With a general election scheduled

46. *New York Herald Tribune*, November 24, 1940; *The Japan Weekly Chronicle*, November 28, 1940, pp. 669-70.

47. *The Japan Weekly Chronicle*, December 26, 1940, pp. 801-804; *New York Herald Tribune*, December 22, 1940; *The New York Times*, December 19, 1940. Further reassurances that the I.R.A.A. was not unconstitutional and did not seek to deny "the rights of private property" were given at these sessions; the army leaders, on the other hand, insisted that the movement must contribute to the realization of a "perfect defense state."

48. *The Japan Weekly Chronicle*, December 12, 1940, p. 738. A new Imperial ordinance, approved by the Privy Council on December 4, had legalized the appointment of Ministers without Portfolio.

49. *Ibid.*, December 26, 1940, pp. 799-800.

for 1941, some method of nominating candidates for the House of Representatives, other than through the parties, had to be devised. This problem might have been readily solved, had the Imperial Rule Assistance Association been constituted in the form of a close-knit totalitarian party, as the "reformists" desired. The course actually taken by the I.R.A.A., with party leaders monopolizing one of its major bureaus, further limited its utility as an instrument of totalitarian policy. Under its auspices, there was little possibility of returning a new membership to the House of Representatives that would fully support the "reformist" program.

The problem had to be taken up by the Cabinet, which returned to a line of attack—revision of the Election Law—that had been considered on previous occasions.⁵⁰ As the Election Law is not part of the Constitution, it can be revised by the Cabinet—with Diet approval. In the past, the major revisions of the Election Law had involved successive enlargements of the electorate, ending in 1925 with the adoption of full manhood suffrage (age 25). The current "reform" proposals represented an effort to turn back the hands of the clock, through reductions of the electorate and membership of the House of Representatives.⁵¹

The Home Ministry and the Cabinet Legislative Bureau began consideration of draft bills for a revision of the Election Law in September. Early reports suggested that the membership of the lower house would be reduced from 466 to 300, that the constituencies would be enlarged to single prefectures in most cases, and that a new system of nominations would be devised.⁵² In mid-October Premier Konoye, and the Home and Justice Ministers, discussed the government's proposals with Count Arima, director-general of the Imperial Rule Assistance Association, and Yonezo Maeda, director of the I.R.A.A.'s Diet Bureau.⁵³ By November a wide "disparity of views" had developed, and the Diet Bureau appointed a special committee of ten to conduct negotiations with the government.⁵⁴ The Diet Bureau opposed the Home Ministry's proposal to reduce the House of Representatives to 300 members, as well as a suggestion that the Im-

perial Rule Assistance Association should supply a method of nomination by "officially recognizing" candidates. This method, in view of the strong totalitarian influence in the I.R.A.A., would have virtually turned over control of Diet elections to the reformists. The old-line politicians in the Diet Bureau could hardly be expected to accept such a proposal willingly, and it was obvious that a serious conflict was developing. The conservatives took advantage of every chance to strengthen their position. The opportune celebration of the fiftieth anniversary of the opening of the Imperial Diet, held on November 30 in Emperor Hirohito's presence in the Diet building, was converted into something of a political demonstration in favor of the existing constitutional régime.⁵⁵

A draft outline of the bill to revise the Election Law, announced by the Cabinet on December 5, evoked disapproval from the press, the Diet Bureau of the I.R.A.A., and many Privy Councillors.⁵⁶ Criticism was centered on the proposal that only the "registered heads" of families, and possibly army and navy reservists, should be enfranchised. As there were numerous adult sons and even grandsons of "registered" family heads, the scheme would restrict the franchise to an old-age group and disfranchise an estimated two million voters. Objections were also raised to the proposal for special "recommendation councils," to be organized in each electoral district for the nomination of candidates. Sharp controversy was waged over these proposals until the eve of the Diet's reassembly on January 21, 1941, following the holiday recess. Despite severe criticism, and the prospect of a stormy reception for the bill in the Diet, the government stubbornly held to its position up to the last moment. As late as January 19, the Cabinet had approved a final version of the bill which conceded 400 members to the reformed Diet but retained the objectionable electoral and nominating provisions.⁵⁷

During the week immediately preceding reassembly of the Diet, Premier Konoye and the Cabinet Ministers held an unusual series of round table conferences with representative leaders of the Diet, business, and the press. Shortly after the Diet convened, it was revealed that an extraordinary political bargain had been struck at these conferences.⁵⁸ Instead of pushing its electoral reform scheme, the Cabinet agreed to introduce a bill extending the

50. Notably under the Hirota Cabinet (March 1936-January 1937), when strong party opposition had forestalled an attempted revision of the law. Cf. T. A. Bisson, "Japan's Home Front," *Foreign Policy Reports*, September 1, 1938, p. 138.

51. During the autumn of 1940 there was also some talk of a "reform" bill for the House of Peers, but as this body has guarded its privileges even more jealously than the lower house, and its assent is also required to amend the Ordinance which governs it, the issue was allowed to drop.

52. *The Japan Weekly Chronicle*, September 26, 1940, p. 375.

53. *Ibid.*, October 17, 1940, p. 482.

54. *Ibid.*, November 21, 1940, p. 639; November 28, 1940, p. 668.

55. For Japanese newspaper comment, cf. *ibid.*, December 5, 1940, pp. 706-707; note also remarks by *The Oriental Economist*, December 1940, pp. 699-700.

56. *The Japan Weekly Chronicle*, December 12, 1940, pp. 746-47.

57. *New York Herald Tribune*, January 23, 1941.

58. *The New York Times*, January 22, 1941; *New York Herald Tribune*, January 23, 1941.

life of the existing House of Representatives for one year. A pledge was also given that the government would not press for legislation applying its announced program for a "new economic structure." In return for these concessions, the Diet members agreed to pass the budget and other necessary wartime measures with maximum speed, possibly in three weeks, waiving their customary rights of Ministerial interpellation and critical evaluation of government bills.

Issues of international policy, even more than the domestic issues at stake, undoubtedly provided the basis for this unusual political "deal." Premier Konoye and the Cabinet officials, especially the Service Ministers, feared that Diet interpellations would bring into the open the strong opposition to the Japan-Axis pact felt in many quarters of the country. The conferences were apparently used to impress Diet and business leaders with the seriousness of the national emergency confronting Japan—an emergency emphasized by the testimony at Washington on the lend-lease bill then being featured in the Japanese press.⁵⁹ The fact that the government was prepared to go so far to muzzle the Diet bore witness to the strength of the popular dissatisfaction which its members were expected to voice. To the conservatives, the compromise presented two attractive features, even though it meant tacit acceptance of Japan's alignment with the Axis. It curbed Diet expression of the popular unrest arising from economic grievances, and yet maintained the existing Diet for at least another year as a brake on "reformist" measures.

THE 1941 DIET SESSION

Final details of the political deal were ironed out during the first days of the new session.⁶⁰ Both houses of the Diet passed resolutions pledging "full support" to the government in strengthening the nation's wartime structure "to meet the present grave situation." These resolutions, approved after some hesitation, provided that the usual interpellations on Ministerial addresses would be abandoned. The speech in support of the resolution in the lower house, delivered by Chuji Machida, president of the former Minseito party, specifically called upon the government to reciprocate by "limiting bills to be laid before" the Diet.⁶¹ In return, the Cabinet

dropped about 20 of the 110 bills originally prepared for submission to the Diet, including the controversial measures dealing with electoral reform and economic reorganization. It was announced, however, that a revision of the National Mobilization Law, strengthening certain aspects of economic control, would have to be effected, although it was apparently understood that this measure would not challenge the business leaders on any basic issue.⁶² The Cabinet also drafted a bill extending the term of members of the lower house to April 20, 1942 which was later passed by the Diet.

Early expectations that the Diet would complete its business by February 11 were not fulfilled. Nevertheless, the session adjourned on March 2 until its official closing date of March 24, after passing 87 government bills in the record time of six weeks. There was a minimum of debate on even the most important bills, including not only the budgetary appropriations of 12,875,000,000 yen but also revisions of the National Mobilization Law and the National Security Defense Act, a stringent anti-espionage law phrased so broadly that it could be made the instrument of severe repression. Some criticism of this latter measure was voiced in the lower house and in the newspapers, but the army and the bureaucracy overrode all opposition.⁶³

Both houses fought against a budgetary appropriation of 8,000,000 yen for the Imperial Rule Assistance Association, even after they had cut an original demand of 15,000,000 yen by nearly half. Resistance by the lower house was quelled when, on February 12, representatives of the army and navy visited Yonezo Maeda, head of the Diet Members' Club, and demanded passage of the appropriation.⁶⁴ When the House of Peers approved this grant on February 27, it appended a resolution demanding that the I.R.A.A. "should refrain from activities which oppress the present economic system as well as the livelihood of the people."⁶⁵ On February 9, when this issue first developed, Premier Konoye contracted a diplomatic illness which kept him away from the Diet for the rest of its sitting.

Toward the session's end, widespread public anxiety over Japan's foreign policy, stimulated by the "war scare" which had arisen in southeast Asia, broke through all restraints imposed on the Diet.

59. *The New York Times*, January 14-18, 1941.

60. *The New York Times*, January 23, 24, 28, 1941; *New York Herald Tribune*, January 26, 1941.

61. Organization of the lower house was effected through a special agency called the "Diet Members' Club," formed by the Diet Bureau of the Imperial Rule Assistance Association. The Diet Members' Club apportioned members to the committees that had previously been formed by the political parties. Cf. *The Japan Weekly Chronicle*, December 26, 1940, p. 805; January 16, 1941, p. 34.

62. *New York Herald Tribune*, January 26, 1941.

63. *The New York Times*, February 4, 1941.

64. Their published statement read: "Various maneuvers are being made in the Diet Members' Club regarding the policy of questioning the government on the issue of a government subsidy to the Imperial Rule Assistance Association. The fighting services, like the government, have been working for a healthy growth of the Imperial Rule Assistance Association and hope that discussions will soon be over on the issue regarding the association." *New York Herald Tribune*, February 13, 1941.

65. *The New York Times*, February 28, 1941.

Persistent interpellations were directed at Foreign Minister Matsuoka and the Vice-Foreign Minister for nearly ten days. The press commented in outspoken terms on Prince Konoye's continued absence from the Diet during this critical period. On February 25 the House of Representatives sought to force the appointment of a "temporary acting Premier," but the government rejected the demand.⁶⁶

A climax was reached on February 26, when the Premier sent a reply to a questionnaire addressed to him by 31 members of the lower house led by Yukio Ozaki, veteran parliamentarian and outstanding Japanese liberal. The questionnaire, demanding a "full and frank statement" on the government's program in view of "the present international crisis," was not only an implied rebuke to the Premier for his failure to appear before the Diet but represented a clear expression of the public's apprehension over Japan's alignment with the Axis powers. Replying by written statement, Premier Konoye declared that the government was "not pessimistic regarding the future of its diplomacy toward the United States," and that it was "resolved to do all in its power to make the United States and Great Britain understand the true intentions of our country."⁶⁷ This struggle, climaxing the Diet's session, revealed the sharp cleavage within Japan's ruling groups on foreign policy—the issue which the Cabinet had sought to smooth over by the political bargain struck only six weeks earlier.

THE POLITICAL OUTLOOK

Since the Diet's adjournment early in March, further political developments of considerable significance have occurred. On March 31 Masatsune Ogura, former chairman of the Sumitomo board of directors, was appointed to the Cabinet as Minister without Portfolio.⁶⁸ With the task of "economic coordination" in Ogura's hands, it would appear that the drive for bureaucratic control of industry had been halted. Four days later Admiral Teijiro Toyoda became Minister of Commerce, while General Teiichi Suzuki superseded Naoki Hoshino as president of the Planning Board.⁶⁹ These changes evidently marshaled army-navy support behind an effort to cope with the economic crisis in orthodox fashion under "big business" auspices.

The reformists, however, have strengthened their control over the Imperial Rule Assistance Association. On March 18 Colonel Kenryo Sato, director of the Military Affairs Bureau, definitely placed the army behind a movement to encourage reservists to join the Association and become its "propelling

force." Addressing a conference of regimental commanders summoned from all parts of Japan, he declared that "supporters of the status quo" were obstinately resisting the "new structure movement," but that the army was determined to establish "a truly representative people's organization, despite all resistance." As a means to this end, he urged that "active young reservists" should be chosen leaders of the local branches of the Association in towns and villages throughout the country.⁷⁰ This move was the precursor to a thoroughgoing reorganization of the Association on March 26, when its director general, Count Arima, and forty other high officials resigned. General Heisuke Yanagawa, the Minister of Justice, was made vice-president of the Association and Sotaro Ishiwatari, a "reformist" bureaucrat and ex-Finance Minister, became the director-general.⁷¹ The reorganization was effected in response to demands submitted by the fighting services to Premier Konoye, and—along with the instructions affecting reservists—indicates that the army is now trying to forge the Imperial Rule Assistance Association into an unalloyed instrument of the military-fascist movement.

Japan's authoritarian forces have still failed to establish clear-cut supremacy over their opponents in the domestic sphere. The course of the internal political struggle under the second Konoye Cabinet has once more emphasized the tenacious resistance of Japan's conservative elements to "reformist" changes. Neither industry nor the Diet has yet succumbed entirely to the totalitarian drive, and the conservatives are still powerfully entrenched in the Cabinet and other organs of government. Even the Imperial Rule Assistance Association, designed as an agency of totalitarian policy, has constituted—at least until its reorganization—merely another battlefield for the conflicting interests.

Despite their recent gains, the conservatives are fighting a rear-guard engagement. The demands of the war in China, as well as of preparedness for the eventuality of a still greater struggle, have consistently played into the hands of the army and its supporters in the bureaucracy. Nor has their aggressive program been unequivocally resisted by big business. Broad sections of industry have profited from the forced growth of a wartime economy, and the business elements, despite their more cautious attitude in foreign policy, have not been loath to capitalize on the advantages won in Manchuria and China. They have become full partners in an adventurous enterprise, begun in Manchuria in 1931, that must be pushed through to success unless everything is to be lost. As the economic dis-

66. *Ibid.*, February 26, 1941.

67. *Ibid.*

68. *Ibid.*, April 1, 1941.

69. *Ibid.*, April 5, 1941.

70. *Ibid.*, March 19, 1941.

71. *Ibid.*, March 27, 30, 1941; *New York Herald Tribune*, March 27, 1941.

abilities of the prolonged struggle in China increase, and the burdens on the Japanese population grow heavier, the business groups find it necessary to support curbs on civil and political rights and accept a tightening up of the economic controls.

Although the exact limits of Japan's wartime economy are still indefinite, and the margin beyond which collapse may come has not yet been reached, there can be no doubt that Japan's economic position has seriously deteriorated during 1940. Publication of detailed statistics on Japan's foreign trade ceased toward the end of the year. Official figures for total trade in 1940 show exports valued at 3,972 million yen and imports of 3,709 million, leaving a favorable balance of only 263 million.⁷² As the excess of exports to yen bloc areas largely exceeds this amount, the debit balance to foreign currency countries must have greatly increased. A recent estimate, in fact, indicates that Japan's merchandise trade deficit in foreign currency totaled \$202,400,000 in 1940, as against \$93,150,000 in 1939.⁷³ The dwindling Japanese gold stocks and foreign currency reserves were thus forced to cover a much greater debit balance in 1940.

Japan's internal economy was also subjected to increasing strain. Although taxes have trebled since 1936, the public debt aggregated nearly 30 billion yen by the close of 1940—an amount considerably larger than the total national income, and a three-fold increase in five years. Unassimilated bonds held by the Bank of Japan, amounting to over three billion yen at the end of 1940, have steadily increased, while government institutions hold 30 per cent of all bonds issued.⁷⁴ The Bank of Japan's note issue, at 4,930 million yen on December 30, 1940, had increased by 25 per cent during the year and by more than 250 per cent since 1936. Official cost-of-living indices, which do not record extensive "black market" operations for which arrests and fines have steadily increased, had risen by 20 per cent during the year. More concrete were the growing shortages in materials, labor and electric power, resulting in a moderate decline of industrial production and a clear recession of business activity. At the beginning of 1941, the rationing system applied to sugar, matches, gasoline, charcoal and other com-

modities was being extended to include rice—Japan's principal food staple.

Increased state regimentation in many aspects of Japanese life, stimulated by a deteriorating economy and wartime demands, was made even more imperative by the international outlook. The possibility that Japan might be drawn into the European conflict, as an ally of Germany, had become increasingly threatening under the Konoye Cabinet. This prospect strengthened the hands of the army-bureaucrat coalition. On purely domestic issues, the conservatives have always been able to exert their greatest influence. In the sphere of foreign policy, however, the army has successively taken the lead in 1931, 1937 and 1940. Today it is the principal advocate of greater military cooperation with Germany. The most significant action of the Konoye Cabinet was the conclusion of the alliance with the Axis powers on September 27, 1940. Despite opposition from the conservatives, displayed in some measure during the Diet session, they have not yet been able to muster the strength to reverse this major step in policy.

The Konoye Cabinet, momentarily laid open to attack by its display of weakness before Anglo-American pressure in southeast Asia last February, rallied strongly after the Diet adjourned. The Foreign Office, with army support, successfully enforced a peace settlement in Indo-China, and the Foreign Minister then left for his series of conferences in Berlin, Rome and Moscow. Although the results of these conferences are still uncertain, Japan is not likely to risk an open challenge to the Anglo-American front in southeast Asia at this time. Japan's future course, both in home and foreign affairs, also depends to a considerable extent on the policy adopted by the U.S.S.R. Unless the Soviet Union's noncommittal attitude can be modified, the Axis-Japan pact will not function with maximum effectiveness. If Tokyo is unable to effect a rapprochement with the U.S.S.R., its policy of reliance on the Axis will come to a dead end, and it may have to reconsider its position *vis-à-vis* Britain and the United States. Such a development would bolster the conservatives' recent come-back, and they would probably move on to even more complete control of the government. Since their fortunes rest largely on events in the international sphere, their immediate fate may well be determined by the outcome of the Mediterranean struggle.

72. *Tokyo Gazette*, March 1941, p. 376.

73. U.S. Department of Commerce estimate, cited in *The New York Times*, March 23, 1941.

74. *The Oriental Economist*, January 1941, p. 7.

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POLICIES AND PROBLEMS OF THE U.S. NAVY

by David H. Popper